

Western
UNIVERSITY • CANADA



Financial Statements

April 30, 2022

THE UNIVERSITY OF WESTERN ONTARIO
COMBINED FINANCIAL STATEMENTS
And Independent Auditors' Report thereon
APRIL 30, 2022



Introduction to Western University Financial Statements 2021-2022

Western's financial statements for the year ending April 30, 2022, reflect the growing campus community and a welcomed return of more in-person learning and activities for much of the year. Amid the changing uncertainties presented by the global pandemic, Western continued the responsible management of financial resources. The University remains financially stable, an important foundation that will support our plans to realize the themes and priorities set out in "Towards Western at 150", our recently approved strategic plan.

This year's financial statements are representative of greater in-person activity, due to reduced public health restrictions and record enrolment at Western. The overall increase in campus activity, which was more characteristic of a typical University environment, resulted in increasing revenue and expense associated with on-campus operations.

While total revenues of \$1,340.2 million did not significantly change from the prior year (2021 - \$1,368.0 million), the composition was very different, reflecting more revenues associated with enrolment growth and campus activity than investment returns, which decreased from 2021. The rising student population and on-campus activity increased student fee revenue to \$494.4 million (2021 - \$455.9 million) and sales and service revenue was up 40% (2022 - \$152.6 million compared to 2021 - \$108.8 million). As expected, greater on-campus activity increased total expenses to \$1,211.5 million (2021 - \$1,136.6 million). Thoughtful management of revenues and expenses during the year resulted in revenues over expenses of \$128.7 million (2021 - \$231.4 million), of which a significant component is variable investment returns.

Investment returns were positive overall, despite volatility in the financial markets in the latter part of the year. Returns of \$112.5 million contributed to Western's overall revenues, however, they did not have the same magnitude as the record \$229.9 million investment returns from 2021. This volatility exhibits the highly variable nature of investments returns, as they continue to be driven to a large extent by uncontrollable market conditions.

Compensation continues to be Western's single largest expenditure, representing 63.4% of total expenses at \$767.5 million (2021 - 64.3% and \$730.3 million). As a result of increased on-campus activity, operating costs and the costs of sales and services rose 16% and 33%, respectively, year over year.

Western's endowments reached a significant milestone, surpassing \$1 billion (2022 - \$1,044.8 million; 2021 - \$990.1 million) because of new contributions from our generous donors and two years of strong investment returns (6.4% and 22.4%, respectively). The increasing size of the endowment produced an annual spending allocation of \$35.8 million (2021 - \$32.0 million) to support University activities.

As at April 30, 2022, assets grew to \$4,295.1 million (2021 - \$4,090.4 million), liabilities and deferred contributions decreased to \$1,783.5 million (2021 - \$1,863.1 million), and net assets increased to \$2,511.6 million (2021 - \$2,227.3 million). The increase in assets was predominantly driven by investment returns. Liabilities and deferred contributions decreased primarily due to rising interest rates which reduced the actuarial valuation of post-employment benefits. Together, the investment performance and actuarial remeasurement improved Western's net asset position.

A handwritten signature in black ink that reads "Lynn Logan".

Lynn Logan
Vice-President (Operations & Finance)

SUMMARY OF REVENUES AND EXPENSES

Total Revenues and Expenses

For the year ended April 30, 2022

(millions of dollars)

	2018	2019	2020	2021	2022
	\$	\$	\$		\$
Revenues					
Government grants for general operations	263.0	265.7	266.2	268.7	268.6
Restricted government grants and other grants and contracts	214.5	228.8	225.5	215.2	229.4
Student fees	435.7	461.0	453.1	455.9	494.4
Sales and services	184.8	191.7	172.0	108.8	152.6
Investment returns	78.9	92.8	39.5	229.9	112.5
Donations	36.9	35.4	41.3	40.9	35.6
Recoverable salaries and benefits	18.8	19.0	18.4	17.7	18.2
Other revenues	21.1	23.6	31.9	30.9	28.9
	1,253.7	1,318.0	1,247.9	1,368.0	1,340.2
Expenses					
Salaries and benefits	685.5	719.0	740.7	730.3	767.5
Operating costs	170.7	179.6	179.9	152.1	176.9
Scholarships, fellowships and bursaries	84.6	80.4	81.9	90.4	86.5
Amortization of capital assets	72.0	78.5	72.5	72.3	72.0
Cost of sales and services	37.7	38.3	34.9	24.7	32.8
Repairs and maintenance	31.8	35.3	32.5	29.8	36.9
Utilities and taxes	25.8	23.4	25.3	22.6	24.7
Interest	14.0	15.3	14.9	14.4	14.2
	1,122.1	1,169.8	1,182.6	1,136.6	1,211.5

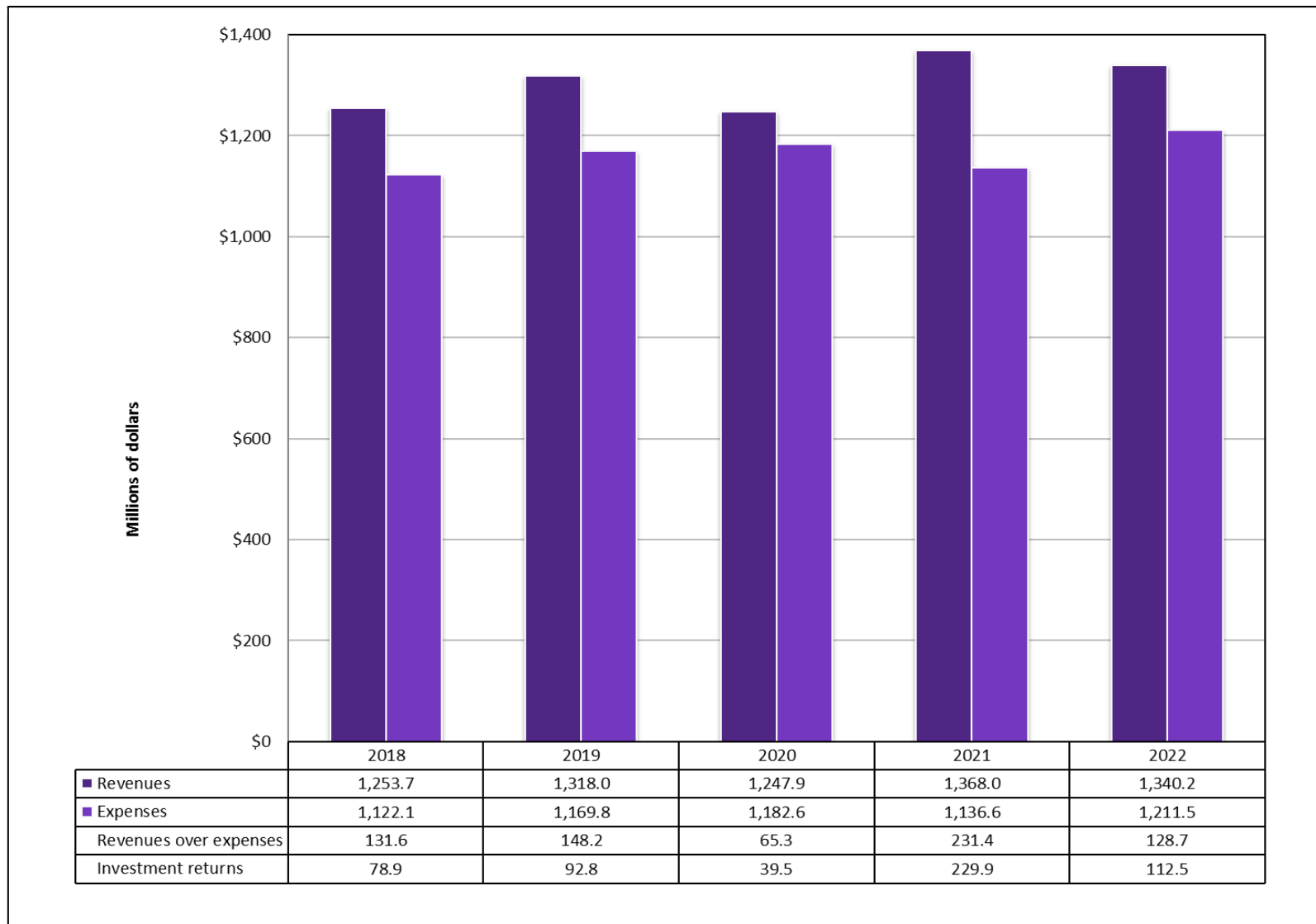
% of Total Revenues and Expenses

	2018	2019	2020	2021	2022
	%	%	%		%
Revenues					
Government grants for general operations	21.0	20.2	21.3	19.6	20.0
Restricted government grants and other grants and contracts	17.1	17.4	18.1	15.7	17.1
Student fees	34.8	35.0	36.3	33.3	36.9
Sales and services	14.7	14.5	13.8	8.0	11.4
Investment returns	6.3	7.0	3.2	16.8	8.4
Donations	2.9	2.7	3.3	3.0	2.7
Recoverable salaries and benefits	1.5	1.4	1.5	1.3	1.4
Other revenues	1.7	1.8	2.5	2.3	2.1
	100.0	100.0	100.0	100.0	100.0
Expenses					
Salaries and benefits	61.1	61.5	62.6	64.3	63.4
Operating costs	15.3	15.3	15.3	13.3	14.6
Scholarships, fellowships and bursaries	7.5	6.9	6.9	8.0	7.1
Amortization of capital assets	6.4	6.7	6.1	6.4	5.9
Cost of sales and services	3.4	3.3	3.0	2.2	2.7
Repairs and maintenance	2.8	3.0	2.7	2.5	3.0
Utilities and taxes	2.3	2.0	2.1	2.0	2.0
Interest	1.2	1.3	1.3	1.3	1.3
	100.0	100.0	100.0	100.0	100.0

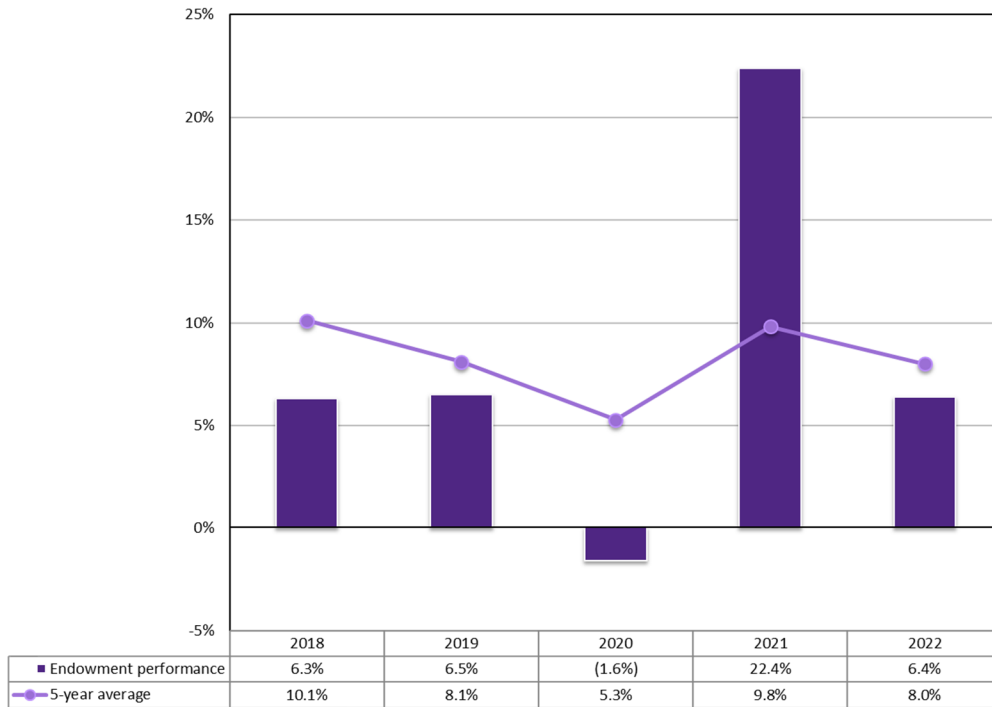
SUMMARY OF ENDOWMENT ACTIVITY
Contributions, Investment Returns and Allocation for Spending
For the year ended April 30, 2022
(millions of dollars)

	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
Fund balance, beginning of year	679.0	746.5	803.8	805.1	990.1
New contributions	47.6	36.3	39.6	41.9	28.1
Investment returns	45.0	49.1	(7.7)	175.1	62.4
Allocation for spending	(25.1)	(28.1)	(30.6)	(32.0)	(35.8)
Fund balance, end of year	746.5	803.8	805.1	990.1	1,044.8

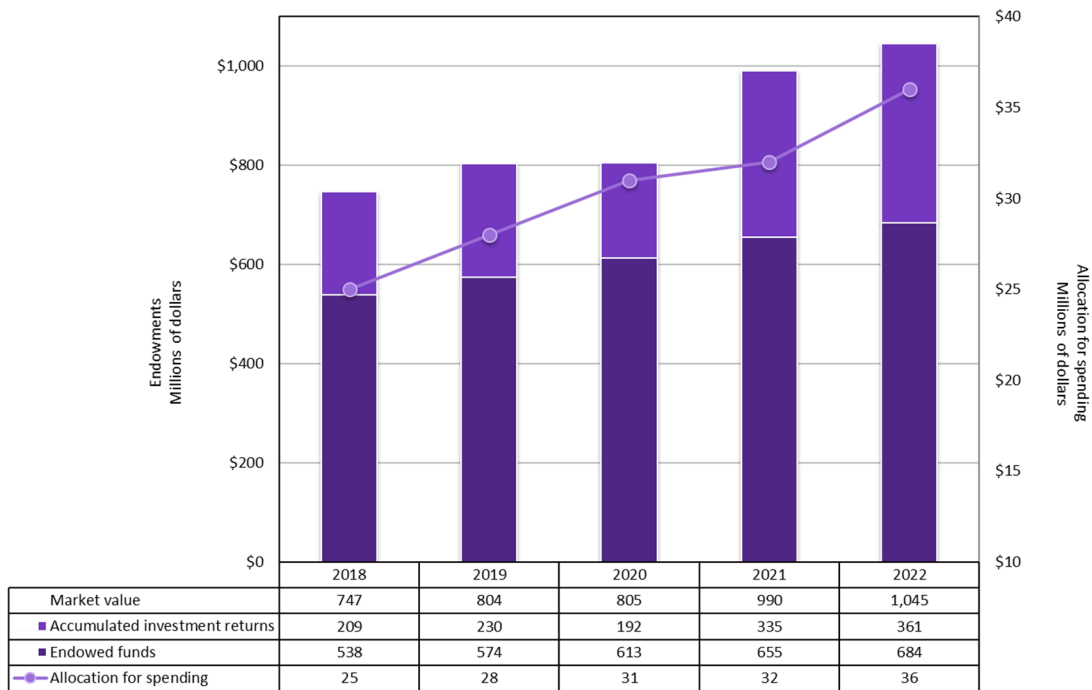
Revenues and Expenses
2018-2022



Endowment Performance

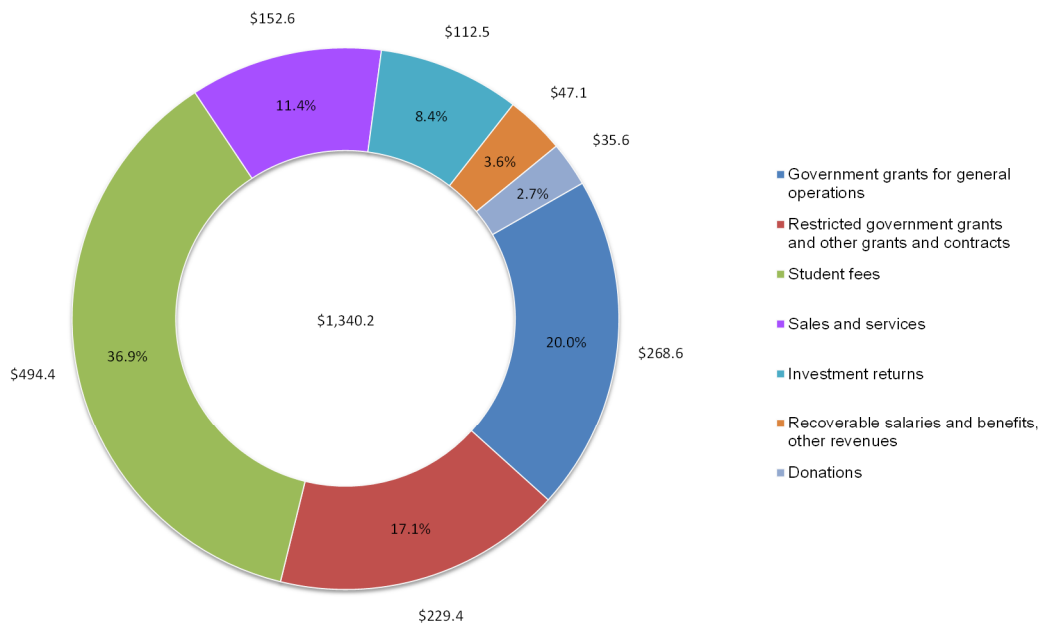


Endowments



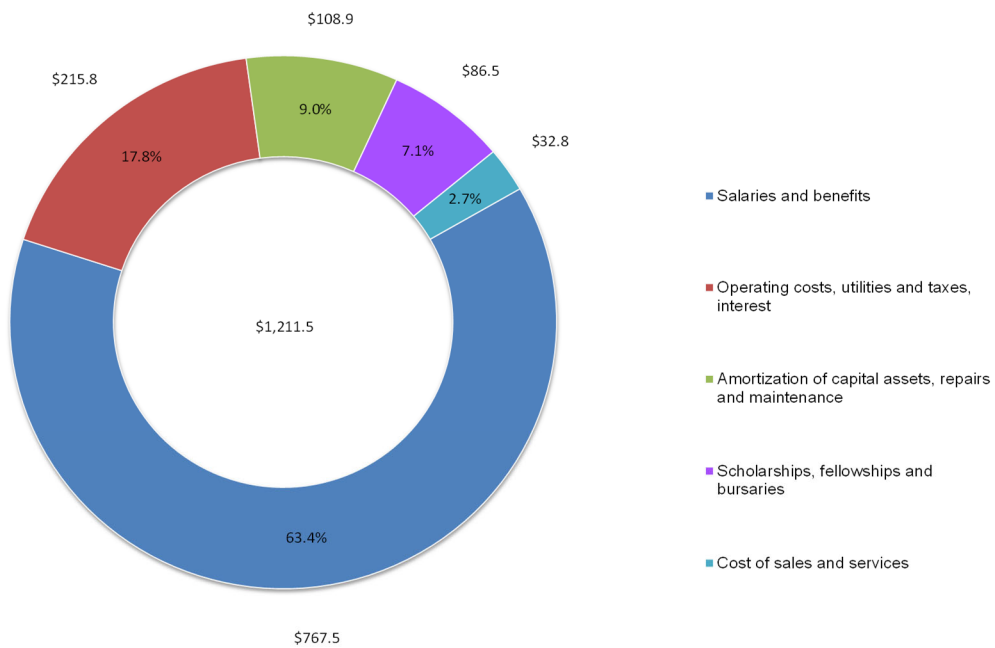
2022 Revenues

Millions of dollars



2022 Expenses

Millions of dollars



The UNIVERSITY of WESTERN ONTARIO

Responsibility for Financial Reporting

The accompanying combined financial statements of The University of Western Ontario are the responsibility of the University administration and have been approved by the Board of Governors.

The combined financial statements have been prepared by the University administration in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. Financial statements necessarily include amounts based on informed judgments and estimates, with appropriate consideration to materiality. The administration has determined such amounts on a reasonable basis to ensure that the combined financial statements present fairly the financial position of the University.

The University maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the University's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board. This Committee consists of eight members, none of whom are involved in the daily operations of the University. This Committee meets periodically with the administration, the internal auditor and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual combined financial statements and the external auditors' report. The Committee reports its findings to the Board of Governors for consideration when approving the combined financial statements. The Committee also appoints annually the external auditors.

The combined financial statements, which comprise the combined statement of financial position as at April 30, 2022, the combined statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board of Governors. KPMG has full and free access to the Audit Committee.



Alan Shepard
President & Vice-Chancellor



Lynn Logan
Vice-President (Operations & Finance)



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The University of Western Ontario

Opinion

We have audited the combined financial statements of The University of Western Ontario (the Entity), which comprise:

- the combined statement of financial position as at end of April 30, 2022
- the combined statement of operations for the year then ended
- the combined statement of changes net assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at end of April 30, 2022, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Supplementary Information on the Combined Financial Statements".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the "Supplementary Information on the Combined Financial Statements" as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Combined Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants
London, Canada
September 22, 2022

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position

Statement 1

As at April 30, 2022, with comparative information for 2021

(thousands of dollars)

	2022	2021
	\$	\$
Assets		
Current		
Cash	27,602	53,110
Accounts receivable [note 3]	93,665	94,556
Inventories	3,163	3,154
Prepaid expenses and deposits	14,880	14,962
Short-term investments [note 4(a)]	948,172	801,897
	<u>1,087,482</u>	<u>967,679</u>
Long-term other assets	6,539	8,201
Investments [note 4(a)]	1,921,176	1,862,618
Capital assets [note 5]	1,279,923	1,251,947
	<u>4,295,120</u>	<u>4,090,445</u>
Liabilities and deferred contributions		
Current		
Accounts payable and accrued liabilities [note 6]	119,804	106,090
Current portion long-term debt [note 9]	8,086	8,255
Deferred fees and income	114,428	108,568
	<u>242,318</u>	<u>222,913</u>
Long-term accounts payable	2,714	5,416
Employee future benefits [note 7(a)]	478,637	565,323
Long-term debt [note 9]	319,314	336,354
Deferred contributions [note 10]	279,465	264,391
Deferred capital contributions [note 11]	461,071	468,767
	<u>1,783,519</u>	<u>1,863,164</u>
Net assets	<u>2,511,601</u>	<u>2,227,281</u>
	<u>4,295,120</u>	<u>4,090,445</u>

See accompanying notes to the combined financial statements.

Commitments and contingencies [note 4(a), note 17].

Approved on behalf of the Board of Governors:



K. Gibbons
Chair, Board of Governors



S. Bennett
Chair, Audit Committee

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Operations

Statement 2

For the year ended April 30, 2022, with comparative information for 2021

(thousands of dollars)

	2022	2021
	\$	\$
Revenues		
Government grants for general operations	268,582	268,709
Restricted government grants and other grants and contracts	229,384	215,183
Student fees	494,429	455,900
Sales and services	152,637	108,790
Investment returns [note 4(b)]	112,548	229,937
Donations	35,599	40,915
Recoverable salaries and benefits	18,163	17,692
Other revenues	28,844	30,816
	<u>1,340,186</u>	<u>1,367,942</u>
Expenses		
Salaries and benefits	767,515	730,312
Operating costs	176,884	152,110
Scholarships, fellowships and bursaries	86,493	90,371
Amortization of capital assets	71,954	72,267
Cost of sales and services	32,816	24,641
Repairs and maintenance	36,914	29,786
Utilities and taxes	24,713	22,622
Interest	14,228	14,482
	<u>1,211,517</u>	<u>1,136,591</u>
Excess of revenues over expenses	<u><u>128,669</u></u>	<u><u>231,351</u></u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Net Assets

Statement 3

For the year ended April 30, 2022, with comparative information for 2021

(thousands of dollars)

	2022				2021
	Unrestricted	Internally Restricted	Endowments	Total	Total
	[note 12]	[note 13]	[note 14]		
	\$	\$	\$	\$	\$
Net assets, beginning of year	(489,594)	1,726,754	990,121	2,227,281	1,825,154
Excess of revenues over expenses	128,669	-	-	128,669	231,351
Change in internally restricted net assets	(154,390)	155,233	-	843	4,887
Investment returns allocated to internal endowments	(13,733)	-	13,733	-	-
Allocation for spending of internally endowed returns	7,439	-	(7,439)	-	-
Investment returns allocated to external endowments [note 4(b)]	-	-	48,636	48,636	140,781
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	-	-	(28,332)	(28,332)	(25,829)
Endowment contributions	(7,894)	-	28,125	20,231	24,383
Employee future benefits remeasurements and other items	114,273	-	-	114,273	26,554
Net assets, end of year	(415,230)	1,881,987	1,044,844	2,511,601	2,227,281

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Cash Flows

Statement 4

For the year ended April 30, 2022, with comparative information for 2021

(thousands of dollars)

	2022	2021
	\$	\$
Operating activities		
Excess of revenues over expenses	128,669	231,351
Non-cash items		
Amortization of capital assets	71,954	72,267
Amortization of deferred capital contributions	(29,811)	(31,572)
Employee future benefits	27,587	30,095
Net change in non-cash working capital [note 16]	19,498	13,274
Cash provided by operating activities	217,897	315,415
Investing activities		
Net change in investments	(204,833)	(410,829)
Purchase of capital assets	(99,087)	(64,433)
Cash used in investing activities	(303,920)	(475,262)
Financing activities		
Receipt of deferred capital contributions	22,115	14,046
Net change in deferred contributions	15,074	39,981
Investment returns allocated to external endowments [note 4(b)]	48,636	140,781
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	(28,332)	(25,829)
Endowment contributions	20,231	24,383
Repayment of long-term debt	(17,209)	(7,965)
Cash provided by financing activities	60,515	185,397
Net increase (decrease) in cash	(25,508)	25,550
Cash position, beginning of year	53,110	27,560
Cash position, end of year	27,602	53,110

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2022
(thousands of dollars)

1. DESCRIPTION

The University of Western Ontario ("the University") operates under the authority of The University of Western Ontario Act, 1982. The University is incorporated without share capital. The University is dedicated to the advancement of learning through teaching and research and to the discovery and application of knowledge. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

The combined financial statements of the University contain the accounts of the University and organizations that the University controls, including: Ivey Business School Foundation, Ivey Business School Asia Limited, The University of Western Ontario Research & Development Park, Windermere Manor Ltd., The Siebens - Drake Research Institute, UWO Investment Trust (#1), UWO Investment Trust (#2), and related foundations in which the University has an economic interest.

These combined financial statements do not include the accounts of three university colleges that are affiliated with, but not controlled by the University (Brescia University College, King's University College at The University of Western Ontario and Huron University College), or the net assets of the Pension Plan for Academic Staff and the Pension Plan for Administrative Staff of the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and are in accordance with Canadian generally accepted accounting principles.

A summary of significant accounting policies is as follows:

(a) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions, having externally imposed restrictions, are recognized as direct increases in endowment net assets.

Gifts of capital assets are recorded at fair value at the date of receipt and the related contributions are amortized to operations on the same basis as the related capital asset. Contributions of collection items and non-amortizable capital assets are recorded at fair value at the date of the receipt and as a direct increase to net assets.

Pledges are recorded as revenue on a cash basis, due to uncertainty of collection, and accordingly, pledges outstanding and not received at the year-end are not recorded as an asset.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2022
(thousands of dollars)

Student fees are recognized as revenue when courses and seminars are held. Activity fees are included in student fees.

Sales and services revenue is recognized at the point of sale or when the service has been provided.

(b) Inventories

Inventories are recorded at the lower of cost and net realizable value, determined using the weighted average cost method.

(c) Investments

Investments are recorded at fair value. The value of investments recorded in the combined financial statements is determined as follows:

- i) Short-term investments, which consist of Guaranteed Investment Certificates ("GIC"), savings accounts and money market funds, are valued at cost plus accrued interest which together approximates fair value. Some of these short-term investments meet the definition of cash and cash equivalents but are held for investment rather than liquidity purposes and are classified as investments.
- ii) Equities consist of Canadian, U.S., Non-North American, Global and Private equities. Canadian, U.S., Non-North American and Global equities are traded on the open market. Fair values are based on the latest closing price. Private equities are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iii) Fixed income includes Canadian bonds, mortgages and private debt. Canadian bonds are traded on the open market and fair values are based on the latest closing price. Mortgages are valued at their net asset value per unit valued based on the latest valuation provided by the external investment manager, reflecting any impairment. Private debt is valued at fair value based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iv) Real assets consist of real estate and infrastructure investments. Both are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- v) Diversifiers include absolute return strategies which are valued based on the latest valuation provided by the external investment manager, reflecting any impairment, and cash that is held for investment rather than liquidity purposes.

Transactions are recorded on a settlement date basis and any transaction costs are expensed against investment returns when incurred.

(d) Investment returns

Investment returns, in the combined statement of operations, include interest, dividends, income distributions from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses.

Investment returns attributed to the endowments are recorded as an addition (reduction) to endowments net assets. All other investment returns along with the amounts allocated for spending from the endowments are recorded as investment returns in the combined statement of operations.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2022
(thousands of dollars)

Investment returns on internally restricted endowments are recorded as an allocation from unrestricted to endowments in the combined statement of changes in net assets. The University protects the capital value of the endowments by limiting the amount of investment returns that are allocated for spending. Endowments are permitted to spend an amount equal to 4% of the average value of the total endowment over the most recent 5 year period. In any particular year, should investment returns be insufficient to fund the amounts made available for spending, endowment capital will be used, with the expectation that such amounts will be recovered from future investment returns.

(e) Capital assets

Purchased tangible capital assets, including works of art, are recorded at cost. Contributed capital assets are recorded at fair value at the date of receipt. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution are not recorded.

Repairs and maintenance costs are expensed. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the combined statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Amortization is provided on a straight-line basis over the estimated useful life for buildings and building components, computer equipment and library acquisitions, and on a declining balance basis for all other capital assets.

Amortization rates are generally as follows:

Buildings and building components	5 to 40 years
Computer equipment	5 years
Equipment and furnishings	20% declining balance
Library acquisitions	5 years

Construction in progress is primarily buildings. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Works of art and collections are not amortized.

(f) Employee future benefits

i) Non-pension plans:

The University provides medical, dental and life insurance benefits to eligible employees. The University accrues for these obligations using accounting assumptions, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. Remeasurements and other items, including plan amendments and actuarial gains and losses are recognized directly in net assets in the combined statement of financial position and are presented as a separately identified line item in the combined statement of changes in net assets.

ii) Pension plans and other retirement income funds:

The University sponsors pension plans for its academic and administrative staff. The benefits provided under the plans are primarily defined contribution. There is no past service liability in respect of either of these plans. Contributions to defined contribution plans are expensed as incurred.

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Notes to the Combined Financial Statements

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(g) Foreign currency translation

The University accounts for transactions in foreign currency at the exchange rate in effect at the time of the transactions. At year-end, monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. Foreign exchange gains and losses on investments have been included in investment returns.

(h) Derivative and other financial instruments

Derivative financial instruments are used to manage market and currency exposure risk primarily associated with the University's debt and investments. The University does not enter into derivative financial instruments for trading or speculative purposes. Derivative financial instruments that may be employed include interest rate swaps, currency forward contracts and currency futures. These contract positions will generally be the same or smaller than the market value of the underlying investments, thereby ensuring that the portfolio remains unleveraged. Investment manager valuations or bank valuations are used by the University to fair value the derivative financial instruments, reflecting any impairment.

Other financial instruments including accounts receivable and accounts payable are initially recorded at fair value and are subsequently recorded at cost or amortized cost, net of any provisions for impairment.

(i) Accounting estimates

The preparation of the combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to the use of management estimates and assumptions include the determination of the useful lives of capital assets for amortization and the amortization of deferred capital contributions, determination of the fair value of financial instruments, valuation of non-pension retirement benefit obligations and provisions for contingencies. Actual results could differ from those estimates.

(j) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the combined financial statements.

(k) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. These individuals and groups include the affiliate colleges as well as other universities. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

(l) Controlled organizations

The University includes controlled organizations in its combined financial statements.

3. ACCOUNTS RECEIVABLE

Current accounts receivable is comprised primarily of balances for trade accounts receivable and research projects. An allowance of \$1,809 (2021 - \$2,014) has been recorded.

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Notes to the Combined Financial Statements

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4. INVESTMENTS

(a) Endowed and non-endowed investments consist of the following:

	2022	2021
Equities	\$ 1,143,556	\$ 1,126,973
Fixed income	351,557	329,845
Real assets	309,084	256,012
Diversifiers	116,979	149,788
	1,921,176	1,862,618
Short-term	948,172	801,897
	<u>\$ 2,869,348</u>	<u>\$ 2,664,515</u>

Endowed investments consist of donations held in perpetuity received by the University to benefit current and future generations. Non-endowed investments consist of research, capital and other funds received and held for future expenditures.

Uncalled commitments:

Approximately 16.0% (2021 - 16.7%) of the University's Operating and Endowment Fund is invested in funds managed by third-party managers that, by way of the legal terms and conditions, require investors to make initial commitments. Funds are then invested in response to a series of capital calls issued by the manager over a pre-defined investment period. These private funds typically take the form of limited partnerships managed by a general partner and cover various areas of private equity, real estate, mortgage, private debt and infrastructure investments. The University has uncalled commitments of approximately \$120,157 (2021 - \$105,992). The University anticipates being able to meet all calls as they are made.

(b) Investment returns recorded in the combined statement of operations are calculated as follows:

	2022	2021
Investment returns	\$ 132,852	\$ 344,889
Investment returns allocated to external endowments	(48,636)	(140,781)
Allocation for spending of externally endowed accumulated investment returns	28,332	25,829
	<u>\$ 112,548</u>	<u>\$ 229,937</u>

Investment income is comprised of the following:

	2022	2021
Unrealized gains (losses) on investments	\$ (104,387)	\$ 87,527
Realized gains on investments	106,973	93,955
Interest and dividend income	109,962	48,455
	<u>\$ 112,548</u>	<u>\$ 229,937</u>

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Notes to the Combined Financial Statements

Year Ended April 30, 2022
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5. CAPITAL ASSETS

Capital assets consist of the following:

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings and building components	\$ 1,497,270	\$ 645,897	\$ 851,373	\$ 1,448,727	\$ 610,655	\$ 838,072
Equipment, furnishing & computer equipment	529,432	403,902	125,530	536,998	407,778	129,220
Library acquisitions	293,853	276,245	17,608	285,208	267,867	17,341
Construction in progress	59,526	-	59,526	45,808	-	45,808
Land	195,865	-	195,865	191,580	-	191,580
Works of art and collections	30,021	-	30,021	29,926	-	29,926
	<u>\$ 2,605,967</u>	<u>\$ 1,326,044</u>	<u>\$ 1,279,923</u>	<u>\$ 2,538,247</u>	<u>\$ 1,286,300</u>	<u>\$ 1,251,947</u>

The University maintains a collection of art that is insured for \$17,068. During the year, paintings were donated to the University with a total appraised value of \$93 (2021 - \$4,887).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at April 30, 2022, accounts payable and accrued liabilities include current government remittances payable of \$16,028 (2021 - \$15,250).

7. EMPLOYEE FUTURE BENEFITS

The interval between actuarial valuations for the defined benefit pension plans does not exceed three years with the most recent valuations prepared as at April 30, 2020, for the non-pension plans and December 31, 2019 for the pension plans. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the market related value of the plan assets and the projected benefit obligations.

(a) Non-pension plans:

The accrued benefit liability relating to the employee future benefits is \$478,637 (2021 - \$565,323). This liability has been recorded in the combined financial statements.

Total expense for these plans is \$27,587 (2021 - \$30,095) including \$1,910 (2021 - \$4,425) for supplemental and other benefits. Benefits paid during the year amounted to \$10,556 (2021 - \$9,743).

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations are as follows:

	Non-Pension Plans	
	2022	2021
Discount rate	4.6%	3.4%
Expected long-term rate of return on plan assets	-	-
Medical trend rate	5.12%	5.12%
Dental trend rate	2.75%	2.75%

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(b) Pension plans:

As at December 31, 2021, the administrative staff pension plan has no remaining defined benefit obligation and has a surplus of \$228 (2021 - \$280).

Contributions to the defined contribution pension plans during the year are as follows:

	December 31, 2021	December 31, 2020
Employer contributions	\$ 36,409	\$ 34,457
Employee contributions	25,147	23,744
	<u>\$ 61,556</u>	<u>\$ 58,201</u>

8. FINANCIAL INSTRUMENTS

(a) Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instrument.

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates their fair values based on the short-term maturity of those instruments. The fair value of investments is disclosed in note 4(a) and derivative financial instruments in note 8(b).

(b) Derivative financial instruments

The notional and fair values of the derivative financial instruments are as follows:

	2022		2021	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency contracts	<u>\$ 999,579</u>	<u>\$ (2,464)</u>	<u>\$ 931,517</u>	<u>\$ 10,719</u>
Interest rate swap agreements	<u>\$ 38,705</u>	<u>\$ 476</u>	<u>\$ 55,937</u>	<u>\$ (1,878)</u>

(i) Foreign currency forward contracts:

The fair value of the foreign currency forward contracts is included with investments. The change in the fair value of the foreign currency forward contracts is accounted for consistent with investment returns in the combined statements of operations and changes in net assets. All outstanding contracts have a remaining term to maturity of less than one year.

(ii) Interest rate swaps:

The fair value of the interest rate swap is recorded within accounts receivable in the combined statement of financial position and the unrealized gain or loss in the fair value is recorded in operating costs in the combined statement of operations. During the year, the total unrealized gain on the interest rate swaps was \$2,355 (2021 - \$1,232).

The interest rate swap contract results in the University fixing a long-term interest rate of 2.99% on the floating rate debt obligation instead of paying a short-term floating rate of 1.27% (2021 - 0.42%).

The interest rate swap agreement relates to the debt on Ontario Hall Residence which matures on

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October 15, 2026. The counterparty to the contract is a major Canadian financial institution. The University does not anticipate any material adverse effect on its financial position resulting from its involvement in this type of contract, nor does it anticipate non-performance by the counterparty given their high credit rating.

(c) Risk management

The University, through its financial assets and liabilities is exposed to various risks. The following analysis will provide a measurement of risks as at the combined statement of financial position date:

(i) Credit risk

Credit risk is the risk of financial loss to the University if a counterparty to a financial instrument fails to meet its contractual obligation.

Approximately 49% (2021 - 48%) of the University's investments consist of money market securities, fixed income products and diversifiers. In order to minimize the risk of having an issuer of these debt instruments fail to pay interest or principal as required, the University takes credit rating requirements into consideration and ensures that a qualified investment manager reviews the credit worthiness of each security that is included in its portfolios, regardless of the credit rating of those securities.

The University has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from the University, in order to reduce incidents of non-payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

The University is also exposed to credit risk through its use of interest rate swaps and foreign exchange contracts. The credit risk associated with these contracts arises from the possibility that the counterparty to the contract in which the University has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in fair value attributable to the instruments.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The University purchases equipment, books and other supplies and services in foreign currencies and may occasionally mitigate its exposure to foreign currency by entering into forward exchange contracts at the time of ordering.

The University is exposed to currency risk with respect to its investments denominated in foreign currencies. To manage foreign currency risk associated with these investments, the University uses foreign currency forward contracts that are administered by an investment manager. These contract positions will generally be the same or smaller than the market value of the underlying assets, thereby ensuring that the portfolio remains unleveraged. The policy range of exposure to non-Canadian currencies has been established to be within the range of 0% to 80% of the total Operating and Endowment Fund, after currency hedging.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will

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fluctuate due to changes in market interest rates.

The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University mitigates this risk by entering into interest rate swap agreements for its floating rate debt that fixes the interest rate over the term of the debt.

All other debt of the University, being unsecured debenture have fixed interest rates and are therefore not exposed to cash flow interest rate risks.

The University's short-term investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The fair value held in fixed income, diversifiers, GIC's and other short-term investments will fluctuate due to changes in market interest rates.

(iv) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The University's investments in equities, fixed income, real assets, GIC's and other short-term investments are subject to market risk. Management mitigates this risk through diversification of its investment portfolio.

(v) Liquidity risk

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost when its obligations fall due. The University manages its liquidity risk by monitoring its operating and capital requirements. The University prepares capital and operating budgets to fulfill its obligations.

The University's operating account is covered by a \$100,000 unsecured, uncommitted revolving credit facility that is repayable on demand (2021 - \$100,000). As at April 30, 2022, no amount has been drawn on the facility.

During the year, the University entered into a \$100,000, unsecured, uncommitted, operating demand loan dedicated to help manage short-term liquidity needs of the Operating and Endowment Fund. As at April 30, 2022, no amount has been drawn on the facility.

(vi) Inflation risk

Inflation risk is the risk that unexpected increases in the price level of goods and services may negatively impact investment performance.

The University's investments in equities and fixed income are sensitive to inflation risk. Management mitigates this risk by investing in real assets which provide a natural hedge to inflation risk by exhibiting returns that are highly correlated with inflation.

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9. LONG-TERM DEBT

	Maturity	Interest Rate at April 30, 2022	2022 Principal Outstanding	2021 Principal Outstanding
(a) The details of the debentures are as follows:				
Series A Senior Unsecured Debentures [note (c)]	May 24, 2047	4.80%	\$ 189,253	\$ 189,237
Series B Senior Unsecured Debentures [note (d)]	December 4, 2057	3.39%	99,442	99,435
Total debentures			\$ 288,695	\$ 288,672
(b) The details of the Bankers' Acceptances (BA's) are as follows:				
Bankers' Acceptances [note (e)]	May 16, 2022	2.99%	\$ 38,705	\$ 46,497
Related Corporation				
Research & Development Park			-	9,440
Total Bankers' Acceptances			\$ 38,705	\$ 55,937
Total debt			\$ 327,400	\$ 344,609
Less current portion			8,086	8,255
			\$ 319,314	\$ 336,354

- (c) On May 24, 2007, the University issued Series A Senior Unsecured Debentures in the aggregate principal amount of \$190,000. The debenture bears interest at 4.80% which is payable semi-annually on May 24 and November 24 with the principal amount to be repaid on May 24, 2047. The proceeds of the issue were initially used to retire certain existing capital debt and to finance new capital projects.

A sinking fund has been established to provide funds to repay the debenture principal upon maturity. At April 30, 2022, the value of the sinking fund was \$31,840 (2021 - \$29,921).

- (d) On December 4, 2017, the University issued Series B Senior Unsecured Debentures in the aggregate principal amount of \$100,000. The debenture bears interest at 3.39% which is payable semi-annually on June 4 and December 4 with the principal amount to be repaid on December 4, 2057. The proceeds of the issue will be used to finance future capital projects.

A sinking fund has been established to provide funds to repay the debenture principal upon maturity. At April 30, 2022, the value of the sinking fund was \$9,690 (2021 - \$9,106).

- (e) At April 30, 2022, the University has outstanding debt of \$38,705 on a \$100,000 committed non-revolving facility. An interest rate swap agreement has been entered into to fix the effective interest rate on the \$38,705 at 2.99% over the remaining term, ending October 15, 2026. There is a remaining credit facility in the amount of \$30,000 which is a revolving demand facility by way of BA's that has not been drawn upon.

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- (f) Anticipated requirements to meet the principal portion of the debt repayments over the next five years are as follows:

	Principal
2023	\$ 8,086
2024	8,373
2025	8,665
2026	8,975
2027	4,606
Subsequent years	288,695
	<u>\$ 327,400</u>

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations, contributions and investment income. The balance consists of:

	2022	2021
Balance, beginning of year	\$ 264,391	\$ 224,410
Grants, contributions, donations and investment income	363,064	576,828
Recognized to revenue	(347,990)	(536,847)
Balance, end of year	<u>\$ 279,465</u>	<u>\$ 264,391</u>

	2022	2021
Unspent research grants	\$ 163,984	\$ 161,675
Scholarships	25,760	21,097
Other restricted funds	89,721	81,619
	<u>\$ 279,465</u>	<u>\$ 264,391</u>

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Unspent deferred capital contributions are included in deferred contributions until such time as capital expenditures are incurred. The changes in the deferred capital contributions balance are as follows:

	2022	2021
Balance, beginning of year	\$ 468,767	\$ 486,293
Amortization of deferred capital contributions	(29,811)	(31,572)
Contributions received during the year	22,115	14,046
Balance, end of year	<u>\$ 461,071</u>	<u>\$ 468,767</u>

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Represented by:

	2022	2021
Amounts used for the purchase of capital assets	\$ 457,014	\$ 468,280
Amounts to be spent on capital assets	4,057	487
	<u>\$ 461,071</u>	<u>\$ 468,767</u>

12. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2022	2021
Operating fund surplus	\$ 72,269	\$ 73,607
Provision for vacation pay	(17,592)	(14,041)
Operating deficit - related organizations	(19,228)	(10,454)
Provision for employee future benefits	(450,679)	(538,706)
	<u>\$ (415,230)</u>	<u>\$ (489,594)</u>

13. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2022	2021
Investment in capital assets	\$ 760,048	\$ 699,593
Departmental carry forwards	264,606	252,354
Capital reserves	180,010	153,225
Operating deficit - ancillary and support units	(23,317)	(17,815)
Faculty and research trust funds	123,895	100,556
Equipment reserves	68,281	60,741
Self-insurance funds	1,239	1,532
Undistributed investment returns	154,205	137,583
Major strategic opportunities fund	311,490	299,957
Sinking funds	41,530	39,028
	<u>\$ 1,881,987</u>	<u>\$ 1,726,754</u>

- i) Investment in capital assets represents the unamortized value of capital assets funded by the University, net of outstanding debt. It excludes those assets funded through capital contributions.
- ii) Departmental carry forwards represent amounts that vary from budget. The University has in place a flexible budgeting program, which allows operating budget units to defer surpluses and deficits to the subsequent year(s).
- iii) The capital reserves represent funds internally restricted for deferred maintenance, capital emergencies and capital projects either planned or in progress.
- iv) Ancillary and support unit carry forwards (deficits) represent amounts that these units are permitted to carry forward.

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- v) Faculty and research trust funds include donations and other revenue with no external restrictions that departments are permitted to carry forward.
- vi) The equipment reserves represent funds that departments have allocated for the future replacement of assets.
- vii) The reserve for self-insurance represents funds set aside to cover uninsured losses and the deductible portion of insured losses.
- viii) The undistributed investment returns represent funds internally restricted for uses as determined by the University.
- ix) The major strategic opportunities fund represents funds to be used for strategic opportunities and the long-term benefit of the University.
- x) Sinking funds were established for the purpose of accumulating funds to repay principal outstanding on the University's debentures at maturity.

14. ENDOWMENTS

(a) Endowments

Endowments consist of externally restricted donations received by the University and internal resources transferred by the University in the exercise of its discretion. The University ensures, as part of its fiduciary responsibilities, that investment income generated from endowments is used in accordance with the various purposes established by donors or the University.

Net assets restricted for endowment consist of the following:

	2022	2021
Externally endowed	\$ 827,389	\$ 786,853
Internally endowed	217,455	203,268
	<u>\$ 1,044,844</u>	<u>\$ 990,121</u>

Represented by:

	2022	2021
Endowed funds	\$ 683,669	\$ 655,544
Accumulated investment returns	361,175	334,577
	<u>\$ 1,044,844</u>	<u>\$ 990,121</u>

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(b) Ontario Student Opportunity Trust Fund Endowment

i) Phase I

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Student Opportunity Trust Fund (OSOTF) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2022 Western	2022 Affiliates	2021 Western	2021 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 62,250	\$ 2,939	\$ 52,552	\$ 2,934
Cash donations	61	-	31	-
Preservation (use) of capital	1,628	-	9,229	-
Other change to balance	60	10	438	5
Fund balances, end of year	\$ 63,999	\$ 2,949	\$ 62,250	\$ 2,939

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 1,298	\$ 993	\$ 1,533	\$ 679
Investment income	2,210	56	2,086	447
Expendable donations	54	-	14	-
Value of bursaries awarded	(1,914)	(156)	(1,897)	(128)
Other change to balance	(60)	(10)	(438)	(5)
Fund balances, end of year	\$ 1,588	\$ 883	\$ 1,298	\$ 993

The fair value of the endowment at April 30, 2022 was \$69,439 (2021 - \$67,530). The number of awards disbursed was 772 (2021 - 779).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements.

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ii) Phase II

	2022 Western	2022 Affiliates	2021 Western	2021 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 22,516	\$ 1,518	\$ 19,221	\$ 1,516
Cash donations	65	-	79	-
Preservation (use) of capital	465	-	3,216	-
Other change to balance	6	6	-	2
Fund balances, end of year	\$ 23,052	\$ 1,524	\$ 22,516	\$ 1,518

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 393	\$ 374	\$ 352	\$ 304
Investment income	1,917	84	1,890	126
Expendable donations	30	-	21	-
Value of bursaries awarded	(1,885)	(65)	(1,870)	(54)
Other change to balance	(6)	(6)	-	(2)
Fund balances, end of year	\$ 449	\$ 387	\$ 393	\$ 374

The fair value of the endowment at April 30, 2022 was \$25,423 (2021 - \$24,830). The number of awards disbursed was 274 (2021 - 277).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements

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(c) Ontario Trust for Student Support Endowment

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Trust for Student Support (OTSS) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2022 Western	2022 Affiliates	2021 Western	2021 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 66,928	\$ 7,948	\$ 57,178	\$ 7,920
Cash donations	195	3	18	5
Preservation (use) of capital	1,540	-	9,727	-
Other change to balance	14	47	5	23
Fund balances, end of year	\$ 68,677	\$ 7,998	\$ 66,928	\$ 7,948

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 420	\$ 840	\$ 457	\$ 657
Investment income	1,734	411	1,657	490
Expendable donations	18	-	16	-
Value of bursaries awarded	(1,701)	(323)	(1,705)	(284)
Other change to balance	(14)	(47)	(5)	(23)
Fund balances, end of year	\$ 457	\$ 881	\$ 420	\$ 840

The fair value of the endowment at April 30, 2022 was \$78,086 (2021 - \$76,323). The number of awards disbursed was 547 (2021 - 623).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements.

15. THE SEYMOUR SCHULICH ENDOWMENT FUND

The Seymour Schulich Endowment Fund has a current fair value of \$44,364 (2021 - \$44,013). The Fund includes \$11,639 received from two Government of Ontario matching programs, the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support.

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16. STATEMENT OF CASH FLOWS

The net change in non-cash balances related to working capital consists of the following:

	2022	2021
Accounts receivable and other long-term other assets	\$ 2,553	\$ (9,986)
Inventories	(9)	1,663
Prepaid expenses and deposits	82	610
Accounts payable and accrued liabilities	11,012	15,862
Deferred fees and income	5,860	5,125
Net change in non-cash working capital	<u>\$ 19,498</u>	<u>\$ 13,274</u>

17. COMMITMENTS AND CONTINGENCIES

(a) Legal matters

The University is involved in litigation and disputes that arises in the normal course of operations. In respect to these claims the University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and in a range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on litigation and disputes when the outcome becomes reasonably determinable. In the administration's judgement no material exposure exists on the eventual settlement of litigation.

(b) Capital commitments

The estimated cost to complete capital projects in progress at April 30, 2022 is approximately \$76,000 (2021 - \$70,000).

(c) Canadian Universities Reciprocal Insurance Exchange

The University participates in a reciprocal exchange of insurance risks in association with other Canadian universities. This self-insurance reciprocal, CURIE, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

18. PLEDGES

Total pledges outstanding and expected year of collection are as follows:

	Pledges
2023	\$ 24,691
2024	13,342
2025	6,024
Subsequent years	13,413
	<u>\$ 57,470</u>